
**TWENTY-SIXTH AMENDMENT
FRACTIONAL OFFERING PLAN
FIFTH AND FIFTY-FIFTH RESIDENCE CLUB
TWO EAST 55TH STREET
NEW YORK, NEW YORK 10022**

Sponsor:

**St. Regis Residence Club, New York Inc.
c/o Vistana Signature Experiences, Inc.
9002 San Marco Court
Orlando, Florida 32819
(407) 903-4000**

Dated: May 10, 2017

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EXHIBIT

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DEF00244460

TWENTY-SIXTH AMENDMENT

TO

FRACTIONAL OFFERING PLAN

INTRODUCTION

This Twenty-Sixth Amendment modifies and supplements the terms of the Fractional Offering Plan for the Fifth and Fifty-Fifth Residence Club located at Two East 55th Street, New York, New York 10022 dated February 17, 2006 ("Offering Plan"), as amended, and should be read in conjunction with the Offering Plan, as previously amended.

1. STATUS OF CLOSING OF CLUB INTERESTS

As of February 1, 2017, Sponsor closed title on the sale of approximately 301 Club Interests out of a total of 372 Club Interests, leaving approximately 71 Club Interests available for sale.

2. PURCHASE PRICE SCHEDULE

Annexed hereto as Exhibit "A" is a "Schedule A – Purchase Prices and Related Information" which reflects the current prices for each of the Club Interests.

THE PURCHASE PRICES SET FORTH ON SCHEDULE A HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY.

3. CLUB BOARD

The present officers and members of the Club Board are as follows:

Name	Office	Affiliation
Skip Kotkins	President	Club Owner
Keith Balter	Vice President	Club Owner
Guy Collette	Treasurer	Club Owner
Paulette Carter	Secretary	Sponsor

Sponsor does not have control of the Club Board.

4. **CONDOMINIUM BOARD**

The present officers and members of the Condominium Board are as follows:

Name	Office	Affiliation
Cynthia Porter	President	Hotel
Marvin Schein	Vice President	Suites
Nicole Dos Santos	Treasurer	Hotel
Tobias Busse	Secretary	Hotel
Keith Balter	Manager	Club
David Greenbaum	Manager	Retail

The Hotel and Retail Board Members will at all times control the Condominium Board through the designation of a majority of its members.

5. **2017 CLUB BUDGET**

Annexed to this Amendment as Exhibit "B", is the Operating Budget for the Club Association for the period commencing January 1, 2017 and ending December 31, 2017 which was adopted by the Club Board.

6. **2017 CONDOMINIUM BUDGET**

Annexed to this Amendment as Exhibit "C" is the Operating Budget for the Condominium for the period commencing January 1, 2017 and ending December 31, 2017 which was adopted by the Condominium Board.

7. **CLUB FINANCIAL STATEMENTS**

Annexed as Exhibit "F" to the Twenty-Fifth Amendment are the 2015 financial Statements for the Club Association, prepared by Meyers, Bretholtz & Company, PA. The financial statements of the Club Association for the 2016 calendar year are not yet available.

8. **CONDOMINIUM FINANCIAL STATEMENTS**

The financial statements of the Condominium for the 2016 calendar year are not yet available.

9. **CLUB RESERVATION RULES**

The Club Board has approved the use of the Reservation Rules dated March 8, 2008. A copy is annexed hereto as Exhibit "D".

10. **DEFINITIONS**

Any term used in this Amendment not otherwise defined herein shall have the same meaning ascribed to it in the Offering Plan.

11. **NO MATERIAL CHANGES**

Except as set forth in this Amendment, there have been no material changes of facts or circumstances affecting the Property or the offering.

12. **INCORPORATION OF OFFERING PLAN**

The Offering Plan, as modified and supplemented by this Amendment, is incorporated herein by reference with the same effect as if set forth at length.

13. **EXTENSION OF OFFERING PLAN**

The Amendment extends the terms of the Offering Plan.

SPONSOR:

ST. REGIS RESIDENCE CLUB, NEW YORK INC.

EXHIBIT "A"

SCHEDULE A – PURCHASE PRICES AND RELATED INFORMATION

SCHEDULE A - PURCHASE PRICES AND RELATED INFORMATION

FIFTH AND FIFTY-FIFTH RESIDENCE CLUB

Two East 55th Street

New York, New York 10022

Number	Bedrooms	Bathrooms	"Condominium" Square Feet	"Usable" Square Feet	Facing	Purchase Price	Projected Annual Club Charges		
							Club Unit		Real Estate Taxes (\$)
							1	2	
801	One	Two	1051	935	Interior & 5th Avenue	\$700,000	\$2,859.97	\$15,632.91	\$18,492.88
901	One	Two	1061	935	Interior & 5th Avenue	\$700,000	\$2,859.97	\$15,632.91	\$18,492.88
803	Two	Two	1546	1383	5th Avenue & 55th St.	\$1,000,000	\$4,409.55	\$20,462.32	\$24,871.87
903	Two	Two	1546	1383	5th Avenue & 55th St.	\$1,000,000	\$4,409.55	\$20,462.32	\$24,871.87
1103	Two	Two	1546	1383	5th Avenue & 55th St.	\$1,000,000	\$4,409.55	\$20,462.32	\$24,871.87
807	One	One	738	625	55th Street	\$450,000	\$2,859.97	\$15,632.91	\$18,492.88
907	One	One	738	625	55th Street	\$450,000	\$2,859.97	\$15,632.91	\$18,492.88
1007	One	One	738	625	55th Street	\$500,000	\$2,859.97	\$15,632.91	\$18,492.88
808	Studio	One	523	445	Interior	\$337,000	\$1,541.05	\$11,522.37	\$13,053.42
908	Studio	One	523	445	Interior	\$337,000	\$1,541.05	\$11,522.37	\$13,053.42
809	Studio	One	474	415	55th Street	\$387,000	\$1,541.05	\$11,522.37	\$13,053.42
909	Studio	One	474	415	55th Street	\$387,000	\$1,541.05	\$11,522.37	\$13,053.42
815	Two	Three	1507	1290	55th Street	\$750,000	\$4,409.55	\$20,462.32	\$24,871.87
915	Two	Three	1507	1290	55th Street	\$750,000	\$4,409.55	\$20,462.32	\$24,871.87
818	Two	Three	1593	1395	Interior	\$750,000	\$4,409.55	\$20,462.32	\$24,871.87
918	Two	Three	1593	1395	Interior	\$750,000	\$4,409.55	\$20,462.32	\$24,871.87
1018	Two	Three	1539	1349	Interior	\$750,000	\$4,409.55	\$20,462.32	\$24,871.87
821	Two	Two	1129	957	55th Street	\$650,000	\$4,409.55	\$20,462.32	\$24,871.87
921	Two	Two	1129	957	55th Street	\$650,000	\$4,409.55	\$20,462.32	\$24,871.87
1021	Two	Two	1129	957	55th Street	\$650,000	\$4,409.55	\$20,462.32	\$24,871.87
1121	Two	Two	1129	957	55th Street	\$650,000	\$4,409.55	\$20,462.32	\$24,871.87
822	One	Two	1070	852	Interior	\$522,000	\$2,859.97	\$15,632.91	\$18,492.88
922	One	Two	1070	852	Interior	\$522,000	\$2,859.97	\$15,632.91	\$18,492.88
835	Two	Three	1458	1263	55th Street	\$800,000	\$4,409.55	\$20,462.32	\$24,871.87
935	Two	Three	1458	1263	55th Street	\$800,000	\$4,409.55	\$20,462.32	\$24,871.87

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SCHEDULE A - PURCHASE PRICES AND RELATED INFORMATION

FIFTH AND FIFTY-FIFTH RESIDENCE CLUB

Two East 55th Street

New York, New York 10022

Number	Bedrooms	Bathrooms	"Condominium Declaration" Square Feet	"Usable" Square Feet	Facing	Purchase Price	Projected Annual Club Charges		
							Rent Estate Taxes (a)	Other Club Expenses (b)	Total Club Charges (a)+(b)
836	Two	Three	1455	1260	Interior	\$700,000	\$4,409.55	\$20,462.32	\$24,871.87
936	Two	Three	1455	1260	Interior	\$700,000	\$4,409.55	\$20,462.32	\$24,871.87
1035	Two	Three	1458	1262	55th Street	\$800,000	\$4,409.55	\$20,462.32	\$24,871.87
1135	Two	Three	1458	1262	Interior	\$800,000	\$4,409.55	\$20,462.32	\$24,871.87
1036	Two	Three	1455	1259	55th Street	\$700,000	\$4,409.55	\$20,462.32	\$24,871.87
1136	Two	Three	1438	1245	Interior	\$700,000	\$4,409.55	\$20,462.32	\$24,871.87
TOTALS						\$248,904,000	\$1,372,499	\$6,777,195	\$8,149,695

See Notes to Schedule A

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Notes to Schedule A

1. The Club Units on Floors 8, 9, 10 and 11 contain studios; one-bedrooms; and two-bedroom duplexes. The Club Interest in each Club Unit is equal to a fraction, the numerator of which is four (4) and the denominator of which is fifty-two (52).

Purchasers should refer to the Floor Plans set forth in Part II of the Offering plan for an approximation of the dimensions and layouts of the Club Units. The "Condominium Declaration" square footage represents the square foot area of the Club Unit measured horizontally on each floor from the interior side of the glazing or the exterior walls at the Building line and/or the Property line to the midpoint of the interior walls and partitions separating one Club Unit from another Unit, or the public side of the interior walls separating a Club Unit from public corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements. Columns and mechanical pipes (whether along the perimeter or with the Club Unit) are not deducted from the square foot area of the Club Unit. The "useable" square foot area of a Club Unit represents that portion of the Club Unit to which the Club Owner has access (i.e., interior painted surfaced to interior painted surface, including kitchen counters, bathtubs, etc.). The square foot area and dimensions of the Club Units are approximate and may vary due to field conditions. No such variation will affect a Purchaser's obligations under the Purchase Agreement or the Offering Plan unless the square foot area of the Club Unit is diminished by more than five percent (5%) (excluding interior partitions), therefore affording Purchaser a fifteen (15) day right to rescind.

The number of rooms in each Club Unit has been computed by Sponsor in accordance with industry standard as follows:

Type of Club Unit	Total Rooms	Type of Rooms
Studio	2	1 bedroom, 1 bathroom
One bedroom	3 or 4	1 or 2 bedrooms, 1 bathroom, 1 living room
Two bedroom	5	2 bedrooms, 2 bathrooms, 1 living room
Two bedroom duplex	5 or 6	2 bedrooms, 2 or 3 bathrooms, 1 living room

2. THE PURCHASE PRICES AND OTHER TERMS OF SALE OF CLUB INTERESTS MAY BE NEGOTIATED BY SPONSOR AND, THEREFORE, MAY BE CHANGED. ACCORDINGLY, PURCHASERS MAY PAY DIFFERENT PURCHASE PRICES FOR SIMILAR CLUB INTERESTS. The effect of this, as well as the right of Sponsor to change purchase prices, is more particularly discussed in the Section of the Offering Plan entitled "Changes in Prices and Facilities." In addition to the payment of the purchase price, each Purchaser will be responsible for the payment of certain closing costs and expenses at the time of Closing, as explained in the Section of the Offering Plan entitled "Closing Costs". If Purchaser obtains a mortgage loan from Sponsor or other lender, Purchaser will be responsible for the payment of additional closing costs and expenses relating to such loan. There may be an apportionment of certain charges relating to the

Club Interest at the time of the Closing of Title. THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY.

3. The estimated Club Charges contained in this column are for the period from January 1, 2017 to December 31, 2017 based on the "Schedule B – Club Budget" prepared by Sponsor in consultation with the Club Budget Expert. Club Charges include Real Estate Taxes assessed against the Club Units and other Club Expenses. The Club Association reserves the right to bill Club Members for Club Charges more often than once a year.

The estimated annual Real Estate Taxes of \$1,372,499 for the 2017 budget calendar year for the Club Units are based upon tax assessments published by the City of New York, that: (a) the approximate allocated assessed taxable value of the Club Units during the second half of the 2016/2017 tax year is \$12,321,283 in the aggregate and during the first half of the 2017/2018 tax year is estimated to be \$12,564,364 in the aggregate for a total 2017 market value of \$27,380,618 (rounded); and (b) the effective tax rate in effect for the 2016/2017 tax year is \$10.656 per \$100 of assessed valuation and the tax rate in effect for the 2017/2018 tax year is estimated to be \$10.975 per \$100 of assessed valuation with respect to the Club Units. While the legal responsibility for Real Estate Taxes lies with each Club Member, the Club Association will collect Real Estate Taxes from each Club Member (which are included in the Club Charges) and remit the same on behalf of each Club Member to the taxing authorities. In addition to these estimated Club Charges, each Owner will be responsible for mortgage payments under a loan, if any, obtained to finance the purchase of the Club Interest.

EXHIBIT "B"

2017 CLUB BUDGET

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FIFTI AND FIFTY-FIFTH RESIDENCE CLUB ASSOCIATION
 APPROVED BUDGET OF OPERATING EXPENSES & REPLACEMENT RESERVES
 JANUARY 1, 2017 through DECEMBER 31, 2017

	All Units Annual	Fractional Ownership Interest		
		Studio	1 BR	2 BR Deluxe
Income				
Maintenance Charges (1)	\$ 8,149,695	\$ 13,063.42	\$ 18,492.88	\$ 24,871.87
Interest Income (2)	7,495	20.15	20.15	20.15
Total Income	\$ 8,157,190	\$ 13,083.57	\$ 18,513.03	\$ 24,892.02
Expenses				
Labor (3)	\$ 1,060,038	\$ 1,190.22	\$ 2,208.87	\$ 3,405.68
Operating Supplies (4)	234,595	263.40	488.84	753.70
Laundry Service (5)	317,248	356.21	661.07	1,019.25
Administrative (6)	725,990	926.01	1,555.60	2,295.30
Insurance (7)	28,978	77.90	121.22	177.90
Management Fee (8)	533,158	863.44	1,213.22	1,624.17
Legal & Audit (9)	17,609	47.34	47.34	47.34
Real Estate Taxes (10)	1,372,499	1,541.05	2,859.97	4,409.55
Condominium Fees (11)	3,108,055	6,846.96	7,772.72	8,860.59
Prior Year (Surplus) / Deficit Reduction (12)	-	-	-	-
Contingency (12)	-	-	-	-
Replacement Reserves (13)	\$ 759,021	\$ 971.05	\$ 1,627.50	\$ 2,398.75
Total Expenses	\$ 8,157,190	\$ 13,083.57	\$ 18,513.03	\$ 24,892.02

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FOOTNOTES TO SCHEDULE B
Residence Club Operations

Amounts are projected on the assumption that the year of association operation will be the year from January 1, 2017 to December 31, 2017.

The General Common Charges payable by Fractional Unit Owners equal the sum of their allocated shares of the General Common Expenses, including their allocated shares of the expenses associated with both the General Common Elements and the Hotel Limited Common Elements. The General Common Charges payable by the Hotel Unit Owner equals its allocated share of the expenses of the General Common Elements. The Hotel Unit Owner pays directly the expenses associated with the Hotel Limited Common Elements, subject to partial reimbursement by the Condominium Board on behalf of the Suite Unit Owners and the Fractional Unit Owners for their allocated shares of such expenses. The General Common Charges payable by the Retail Unit Owner equals its allocated share of the expenses of the General Common Elements. The Retail Unit does not use or share in the expenses of any of the Hotel Limited Common Elements. Certain General Common Charges are currently allocated in common to the Hotel Unit and the Retail Unit, which Units are currently under common ownership.

Potential purchasers are advised that the amounts set forth in Schedule B and these footnotes are only projections.

After operation of the Residence Club Association has commenced, it is anticipated that the methods of allocation of the General Common Expenses will be periodically adjusted as provided in Section 6.1.2 of the By-Laws, but not more frequently than once each year, to reflect the differing proportions fairly attributable to the then amount of usage by such category of Unit Owner of the services and the General Common Elements and Hotel Limited Common Elements in question, but in any event in conformity with Section 339-m of the New York State Real Property Law. If any category of Unit Owners contends that any method of allocation determined by the Board is inequitable, the dispute may be submitted to arbitration as provided in the By-Laws.

General Common Expenses include costs and expenses in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the General Common Elements and Hotel Limited Common Elements, and with the provision of services to Unit Owners in general, such as service contracts applicable to the Building as a whole, employees who will provide services to the entire Condominium, fees of the managing agent for the Condominium, and insurance coverage for the General Common Elements and Hotel Limited Common Elements. The General Common Expenses are included in the Condominium Fees line item.

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1. Maintenance charges billed to owners for operating expenses less other revenue: \$8,149,695. The maintenance charge for the Studio is \$13,063.42, One Bedroom \$18,492.88, and Two Bedroom Deluxe units is \$24,871.87 per fraction and there will be a total of 372 fractions.

2. Interest earned on various Association accounts: \$7,495

3. Labor: \$1,060,038

All payroll costs estimated in Schedule B, unless otherwise noted in these footnotes, assume prevailing salaries, wages and benefits for work of this nature, including applicable payroll taxes, as of the date of the Plan. No warranty is made as to which unions, if any, will represent the Building employees or the actual wages, salaries, benefits and related payroll taxes and similar expenses which will be applicable and in effect during the first year of condominium operation. However, the projected expenses for wages, salaries and benefits as well as the assumptions described herein, are believed to be reasonable and reflect the experience of the Sponsor's budget expert.

Payroll taxes and benefits for the Residence Club Association operation are estimated to be 66% of the wage and salary amounts. The payroll taxes and benefits include FICA (projected at 9.87% of total wages), and allowances for union or other welfare and pension fund contributions, holidays and vacation pay.

4. Operating Supplies: \$234,595. Cost to supply rooms with soap, shampoo, linens and other miscellaneous items, plus housekeeping supplies.

5. Laundry Service: \$317,248. Cost of cleaning linen, towels and uniforms on a daily basis.

6. Administrative: \$725,990. Expenses include wages and expenses related to club member functions, allocations from Vistana Vacation Ownership for resort oversight, association management, owner reservations, and facilities management, plus annual meeting charges, bad debt, bank & credit card fees, income tax, licenses permits, postage and telephone.

7. Insurance: \$28,978. This is for all Association Insurance including liability and Directors & Officers coverage.

8. Management Fee: \$533,158. The management fee represents 7% of the total maintenance charges per the management agreement between Fifth and Fifty-Fifth Residence Club Association and St. Regis New York Management Inc.

9. Legal & Audit: \$17,609. Fees to be incurred in connection with the preparation of the audited financial statements for the Residence Club Association its federal, state and city income tax returns, based on a quote received from Myers, Bretholtz & Company, P.A. In addition, this includes the contingency fee related to legal representation for the

successful challenge of Real Estate Tax assessments. A fee is paid only if an assessment is reduced; in such cases, said fee is based on savings achieved.

10. Real Estate Taxes: \$1,372,499. Real estate taxes are based on recent tax assessments published by the City of New York. The taxes include floors 8 and 9 and selected units on floors 10 and 11, and is based on the current policy period covering January to June 30, 2017, plus an additional 7.5% increase for the second policy period covering July to December 31, 2017.

11. Condominium Fees: \$3,108,055. The General Common Expenses from the Condominium Association. Most of the services are provided for through the Condominium Association including salaries and wages for operating areas, insurance, repairs and maintenance, operating supplies, and utilities.

12. Contingency: \$0. This is intended to cover possible increases in expenses not now foreseen and for expenses not included in the budget, and for possible increases in one or more items of projected operating expenses.

13. Replacement Reserves: \$759,021. Cost to cover the periodic replacement of the Club Units furnishings, fixtures and equipment based on each item's anticipated useful life.

EXHIBIT "C"

2017 CONDOMINIUM BUDGET

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SCHEDULE B

**Fifth and Fifty-Fifth Condominium
Approved Budget of Operating Expenses
For the Period January 1, 2017 to December 31, 2017**

Estimated Income

Common Charges - Suite Units	1,159,235
Common Charges - Club Units	3,114,839
Common Charges - Hotel Unit	18,186,644
Common Charges - Retail Unit	<u>112,318</u>
Total Estimated Income (Note 1)	22,573,036

Estimated Expenses

	Total	Suite Units	Club Units	Hotel Unit	Retail Unit
Payroll and Related Expenses (Note 2)	16,222,298	862,031	2,354,006	12,974,914	31,347
Electricity (Note 3)	1,523,134	64,068	181,399	1,277,670	-
Steam (Note 4)	779,649	31,674	89,682	647,487	10,807
Water Charges and Sewer Rent (Note 5)	573,467	23,297	65,965	464,619	19,585
Repairs, Supplies and Maintenance (Note 6)	1,303,174	54,644	154,722	1,089,778	4,032
Insurance (Note 7)	492,238	19,997	56,621	398,888	16,811
Management Fee (Note 8)	124,993	5,078	14,378	101,268	4,269
Legal and Audit Fees (Note 9)	12,658	5,471	886	6,238	263
Reserve for Contingencies (Note 10)	225,000	9,141	25,881	182,294	7,684
Miscellaneous Administrative Expenses (Note 11)	98,571	26,739	14,449	57,547	226
Service Contracts (Note 12)	1,217,252	57,097	156,890	986,023	17,282
Reimbursement to Hotel Unit for Fitness Center (Note 13)	-	-	-	-	-
(Surplus) / Deficit Assessment (Note 14)	-	-	-	-	-
Total Estimated Expenses (Note 15)	<u>22,573,036</u>	<u>1,159,235</u>	<u>3,114,839</u>	<u>18,186,644</u>	<u>112,318</u>

NOTES TO SCHEDULE B

1. These amounts represent the total Common Charges to be levied against the Units and collected from the Unit Owners thereof for the operating year January 1, 2017 through December 31, 2017. The Common Charges will be utilized by the Condominium Board to defray the operational expenses of the Condominium. The method of allocation among the Units (or, in the case of the Suite Units and Club Units, categories of Units) of the various Common Expenses of the Condominium set forth in Schedule B are more particularly described in Notes 2 through 14 below. Except with respect to the Retail Unit which does not use or benefit from many of the Common Elements or services of the Condominium and therefore is allocated only its appropriate share of the expenses in connection therewith, the allocation of such Common Expenses is generally determined based upon either: (1) percentage of relative Common Interest; or (2) as appropriate, per usage, but in any event, in conformity with Section 339-m of the New York State Real Property Law.

As described in these Notes, an allocation of expense to the Suite Units or Club Units refers to such expense being allocated to such category of Units as a whole. Among the Suite Units or Club Units themselves, the Common Expenses allocated to the Suite Units as a whole or the Club Units as a whole are ultimately allocated among the various Suite Units or Club Units, as the case may be, based on the relative percentage of Common Interests of such Suite Units or Club Units.

The methods of allocation of the Common Expenses may be periodically adjusted as provided in Section 6.1.2 of the By-Laws, but not more frequently than once each year, to reflect the differing proportions fairly attributable to the then amount of usage by such category of Unit Owner of the services and the General Common Elements and Hotel Limited Common Elements in question. If any category of Unit Owners contends that any method of allocation determined by the Board is inequitable, the dispute may be submitted to arbitration as provided in, and subject to the terms and conditions of, the By-Laws. The budgeted amounts presented are distributed among the various categories of Units based on a total of 15 Suite Units and 31 Club Units. If there are greater or fewer Suite Units or Club Units, the distribution of the budgeted amounts between the affected categories of Units would be adjusted accordingly.

The budget has been determined on the expectation that the operator of the Hotel will be the Managing Agent of the Condominium. Accordingly, many of the expenses will be incurred pursuant to contracts, labor, purchase programs, etc. arranged by the Hotel operator, which will then allocate to the Condominium the appropriate share of expenses pursuant to the allocation methods described in this Schedule B. Except as otherwise indicated, where a portion of an expense line item is said to be absorbed directly by the Hotel Unit, this refers to Hotel operator having incurred the expense for both the Hotel and Condominium, and allocating such portion directly to the Hotel Unit in order to determine the balance remaining to be allocated among the various categories of Units (including the Hotel Unit, as applicable) as a Common Expense. Accordingly, the Common Expense totals for each category of Common Expense reflects only the Common Expense of the Condominium (i.e., after the Hotel operator's deduction of amounts directly absorbed by the Hotel Unit).

2. Payroll, Benefits and Related Expenses: \$16,222,298

This estimate assumes that the Hotel operator would provide certain services on behalf of the Condominium using employees of the Hotel, and includes the wages, workers compensation, disability

insurance, welfare and pension costs, payroll taxes and the cost of sick days, personal days, holidays and vacation pay, and other fringe benefit costs for such employees. Related expenses include, without limitation, any costs associated with training, employment checks, employee recognition programs and payroll services. The projected level of staffing for the Building complies with all applicable housing and labor laws. It is anticipated that most of the employees will be members of the New York Hotel-Motel Trades Council, AFL-CIO Union. The existing contract with such union is scheduled to expire June 30, 2018. The wages described below are, to the extent applicable, computed in accordance with the Industry-Wide Collective Bargaining Agreement between the Hotel Association of New York City, Inc. and the New York Hotel-Motel trades Council, AFL-CIO. For non-union personnel the wages described below are based on estimates provided by the current Hotel operator.

Fringe benefit costs are estimated as follows: Rooms Dept. – 71%, Administrative Staff – 53%, Laundry Dept. – 74%, PBX Dcpt – 66% and Repairs and Maintenance Dept. – 66%. Fringe benefits include statutorily required payments such as FICA, medicare and workers compensation. Fringe benefits for the non-union Hotel executive staff includes 401K (75% company match on first 4% and 50% on next 3%, capped at 7% of salary or Federal limit, whichever is less); Long-Term Disability Plan; Basic Life Insurance Plan; Accidental Death and Dismemberment Insurance Plan; Basic Travel Accident Insurance Plan; Medical and Dental and Vision Plans; Employee Assistance Programs (e.g., counseling programs); an Employee Stock Purchase Plan (currently at 5% discount on Q-closing price); Severance Plan (amount varies with employee grade and employment classification); tuition reimbursement (capped at \$1,500 per semester, \$10,000 life time); adoption assistance (capped at \$5,000 per adoption), vacation days (accruing as set forth below), and holiday/sick days (accrues at same rate as vacation days). Fringe benefits for the union employees include Medical and Dental at 20.5% of wages for up to first 9 months of employment and 23.5% thereafter; Scholarship Fund at \$1 per employee per month; pension at 9.5% of wages; FMLA for union employees on disability \$276.99 per week per employee. Legal Assistance Plan at 0.5% of wages; Training Fund at \$1.50 per employee per month; Eight sick days; 3 personal days; 9 paid holidays; and vacation days as set forth below.

Non-Union Vacation Day Accrual
(Same formula applies for accruing holiday/sick days)

<u>Service Length</u>	<u>Accrues</u>	<u>Cap</u>
Up to 1 year of service	0.0769 hours per hour worked	160 hours
More than 1 year to up to 4 years	0.0961 hours per hour worked	200 hours
More than 4 years to up to 9 years	0.1153 hours per hour worked	240 hours
More than 9 years of service	0.1346 hours per hour worked	280 hours

Union Vacation Day Accrual

<u>Service Length</u>	<u>Vacation Time</u>
Up to 1 year of service	1 week
More than 1 year to up to 4 years	2 weeks
More than 4 years up to 6 years	12 days
More than 6 years up to 14 years	3 weeks
More than 14 years up to 20 years	4 weeks
Over 20 years of service	5 weeks

The Condominium's payroll service expenses are estimated at \$60,185; employee recognition expenses are estimated at \$59,915; and employee training costs are estimated at \$55,011.

As with any building providing hotel-type services, staffing levels are higher than for a customary residential condominium building, reflecting the additional level and availability of services. Staffing levels will also vary from time to time based on variations in occupancy levels and seasonality, and may involve use of part-time and/or overtime labor services as well as contract labor.

The wage and salary estimates (which may include part-time and/or overtime projections in the weekly averages) are detailed as follows. Except as otherwise indicated to the contrary, the Payroll, Benefits and Related Expenses are allocated among the Hotel Unit, the Suite Units and the Club Units

<u>POSITION</u>	<u>No. of Full-time Equivalent Positions</u>	<u>WEEKLY WAGE</u> <i>(prior to any reduction as stipulated in Footnotes)</i>
<u>Rooms Department</u>		
Managers	9.40	\$1,358 per week for a total yearly wage of \$70,615 per person.
Bellman	8.40	\$1,226 per week for a total yearly wage of \$63,759 per person.
Concierge	2.80	\$1,309 per week for a total yearly wage of \$68,046 per person.
Doorman ^(a)	5.60	\$1,142 per week for a total yearly wage of \$59,366 per person.
Page	4.20	\$1,270 per week for a total yearly wage of \$66,064 per person.
Housekeeper/Supervisor ^(b)	0.00	\$0 per week for a total yearly wage of \$0 per person.
Houseperson ^(b)	14.00	\$1,373 per week for a total yearly wage of \$71,407 per person.
Public Area Attendant ^(b)	2.80	\$1,378 per week for a total yearly wage of \$71,680 per person.
Front Office/Reservations	7.00	\$1,209 per week for a total yearly wage of \$62,855 per person.
Butler	33.60	\$1,460 per week for a total yearly wage of \$75,912 per person.
Trainee ^(a)	0.00	\$0 per week for a total yearly wage of \$0 per person.
<u>Administrative & General</u>		
Managers ^(c)	4.50	\$2,958 per week for a total yearly wage of \$153,831 per person.
Accounting Office ^(d)	0.50	\$1,188 per week for a total yearly wage of \$61,766 per person.
Human Resources ^(c)	0.80	\$1,076 per week for a total yearly wage of \$55,958 per person.
Administration ^(d)	0.20	\$2,027 per week for a total yearly wage of \$105,406 per person.
MIS ^(d)	0.00	\$0 per week for a total yearly wage of \$0 per person.
Security ^(d)	8.40	\$1,359 per week for a total yearly wage of \$70,688 per person.
Trainee	0.00	\$0 per week for a total yearly wage of \$0 per person.
<u>Laundry</u>		
Laundry Persons ^(e)	4.95	\$1,486 per week for a total yearly wage of \$77,260 per person.
<u>PBX</u>		
PBX Operators ^(f)	4.20	\$1,457 per week for a total yearly wage of \$75,765 per person.
<u>Repairs & Maintenance</u>		
Managers ^(g)	1.50	\$2,128 per week for a total yearly wage of \$110,651 per person.
Administration ^(g)	0.00	\$0 per week for a total yearly wage of \$0 per person.
Maintenance Engineers ^(g)	12.60	\$1,650 per week for a total yearly wage of \$85,800 per person.
Operating Salary ^(g)	0.00	\$0 per week for a total yearly wage of \$0 per person.
Trainee ^(h)	0.00	\$0 per week for a total yearly wage of \$0 per person.

Footnotes to Wages Table

(a) The 2017 wage expense is determined based on minimum fixed staffing needs to service the Suite and Club Units. The total is then allocated to the Suite Units, the Club Units and the Hotel Unit, on a per-key basis.

(b) Allocated based on percentage of relative Common Interest of the Hotel Unit, Suite Units and Club Units.

(c) The 2017 wage expense is determined based on minimum fixed staffing needs to service the Suite and Club Units. The total is then allocated to the Suite Units, the Club Units and the Hotel Unit, on a per-key basis.

- (d) The 2017 wage expense is determined based on minimum fixed staffing needs to service the Suite and Club Units. The total is then allocated to the Suite Units, the Club Units and the Hotel Unit, on a per-key basis.
- (e) The 2017 wage expense is determined based on minimum fixed staffing needs to service the Suite and Club Units. The total is then allocated to the Suite Units, the Club Units and the Hotel Unit, on a per-key basis.
- (f) The 2017 wage expense is determined based on minimum fixed staffing needs to service the Suite and Club Units. The total is then allocated to the Suite Units, the Club Units and the Hotel Unit, on a per-key basis.
- (g) The 2017 wage expense is determined based on minimum fixed staffing needs to service the Suite and Club Units. The total is then allocated to the Suite Units, the Club Units and the Hotel Unit, on a per-key basis.
- (h) The 2017 wage expense is determined based on minimum fixed staffing needs to service the Suite and Club Units. The total is then allocated to the Suite Units, the Club Units and the Hotel Unit, on a per-key basis.

3. Electricity: \$1,523,134

Electricity is provided by Con Edison. This estimate is based upon review of the actual electrical consumption in the Building based upon the approximate average of the consumption during the last twelve (12) months, exclusive of electrical consumption of the Retail Unit, which is separately metered. Based on the foregoing and projections for 2017 rates, it is estimated that electric consumption for the Building, exclusive of the Retail Unit, will be approximately 7,152,000 kw at an annual cost of \$0.19 kw/hr. Other than the Retail Unit, the Units are not separately metered. Accordingly, the electricity expense charges for the entire Building, other than the Retail Unit, are allocated among the Hotel Unit, the Suite Units and the Club Units based on the percentage of relative Common Interest.

In view of the varying costs of energy, it is not possible to predict with certainty whether the estimated figures will reflect the actual cost to be incurred although it is believed that reasonable provisions for increased costs have been made. The actual cost for electricity will vary depending upon various factors, including the amount of consumption, the severity of the weather, conservation measures, if any, adopted by the Condominium Board or individual Unit Owners or occupants, the rates of the utility company (which fluctuate periodically) and the possibility of changes in the methods of calculating charges by the utility company.

4. Steam: \$779,649

Steam service is provided by Con Edison, by single meter. The steam is used for heating of the building, including the provision of heat for hot water service. This estimate is based upon the approximate average of the consumption during the last twelve (12) months. Based on the foregoing and projections for 2017 rate, it is estimated that steam consumption for the Building will be 31,798 Mlbs, at an anticipated cost of \$27.98 Mlbs. Steam expenses are allocated among all Units based on percentage of relative Common Interest.

In view of the varying costs of energy, it is not possible to predict with certainty whether the estimated figures will reflect the actual cost to be incurred, although it is believed that reasonable provisions for increased costs have been made. The actual cost for steam will vary depending upon various factors, including the amount of consumption, the severity of the weather, conservation measures, if any,

adopted by the Condominium Board or individual Unit Owners or occupants, the rates of the utility company (which fluctuate periodically) and the possibility of changes in the methods of calculating charges by the utility company.

5. Water Charges and Sewer Rent: \$573,467

Water and sewer services are provided by the City of New York. This estimate is based upon review of the actual water consumption during the last 12 months. Based on the foregoing and projections for 2017 rates, it is estimated that water consumption for the Building will be 41,472 cubic feet at an anticipated cost (water charges and sewer rents together) of \$12.85 per cubic foot. Water Charges and Sewer Rent expenses are allocated among all Units based on percentage of relative Common Interest.

6. Repairs, Supplies and Maintenance: \$1,303,174

This estimate includes painting, maintenance and repair costs of the Common Elements. Unit Owners are directly responsible for the cost of repairs, supplies and maintenance in the interiors of their Units. The Condominium Board may also determine to arrange from time to time for certain excess repair, supplies and maintenance services to be provided within the Units as a Condominium service, and assess the cost thereof as a Common Charge to the benefited categories of Unit Owners. This estimate for the 2017 operating year contains an estimate for the provision of excess services such as minor repair (but not replacement) of building standard carpet, curtain and drapes; replacement of building standard light bulbs; repair and replacement of building standard faucets and shower heads; minor repair (but not replacement) of building standard furnishings; restocking of building standard china, glassware and silverware; repair and replacement of building standard guest phones; and certain other such maintenance services provided on equal availability to the Hotel Unit, the Suite Units and the Club Units (subject to the right to assess a particular Unit Owner, in appropriate circumstances, an additional charge to reflect any abuse of such service). The Condominium Board may determine to discontinue any such excess services at any time, in which event the cost of the discontinued service will thereafter cease to be a Common Expense. The Retail Unit shares only in categories of Repairs, Supplies and Maintenance expenses that benefit the Retail Unit.

Certain Repairs, Supplies and Maintenance Expenses incurred by the Hotel operator on behalf of the Hotel and the Condominium are absorbed directly by the Hotel Unit, as follows, with all allocation percentages based on estimates provided by the Hotel Operator: 80.00% of floor covering expenses reflecting replacement, rather than minor repair of Hotel floor coverings; 79.00% of laundry equipment expenses; 20.00% of computer system maintenance support reflecting allocation to the hotel's reservations department; 74.71% of cleaning supplies associated with the Hotel's rooms department; 59.88% of decorations expenses associated with the Hotel's rooms department; and 63.40% of laundry supplies, printing and stationary, uniform expenses, and other miscellaneous expenses associated with the Hotel's laundry department.

Except as otherwise indicated, the Repairs, Supplies and Maintenance Expenses are allocated among the Hotel Unit, the Suite Units, the Club Units and, only where applicable, the Retail Unit, on the basis of percentage of relative Common Interest. For the purposes of such allocation only, the Retail Unit's Common Interest shall be deemed to be reduced by 80% to reflect the lesser level of services provided with respect to the Retail Unit, except in cases where the Retail Unit is appropriately charged based on its full Common Interest (such as, by way of example and not limitation, with respect to any

maintenance and/or repair of the Building's structure, foundations, facade, roof, heating system, adjoining sidewalks, etc.).

Subject to any costs directly absorbed by the Hotel Unit as described above, the following Repairs, Supplies and Maintenance Expenses are allocated among the Hotel Unit, the Suite Units and the Club Units: china, glassware and silverware supplies; uniforms relating to the Hotel's rooms, security and laundry departments; operating and cleaning supplies attributable to the Hotel's rooms department; operating supplies attributable to accounting and general administration; and laundry supplies, printing and stationary expenses, and other miscellaneous expenses associated with the Hotel's laundry department.

In application of the foregoing, the Condominium's share of expenses for Repairs, Supplies and Maintenance are summarized as follows:

china	0
cleaning supplies	14,164
glassware	0
operating supplies	283,014
silverware	0
uniforms	177,878
laundry supplies	996
miscellaneous	0
alarm maintenance supplies	5,488
building maintenance supplies	149,649
computer system maintenance	265,920
curtains and drapes	380
electrical/mechanical equipment	18,234
electric bulbs	25,740
engineering supplies	1,785
floor coverings	9,258
furniture and equipment	4,886
grounds and planters	67,515
HVAC supplies	92,755
keys and locks	14,753
laundry equipment	6,261
painting and decorations	14,888
plumbing	52,952
signage	991
television system	4,562
tools	4,820

7. Insurance: \$492,238

The budget for the 2017 operating year is based on insurance coverage being provided by continued participation in Vistana's blanket insurance program available to hotels owned and managed by Vistana. Premium allocations among the various properties participating in the program are made in accordance

with the standard rating practices applicable to the program. Such coverage would be provided by the Hotel Unit Owner or its designee on behalf of the Hotel and the Condominium.

Except as otherwise indicated, insurance premiums are allocated among all of the Units/or categories of Units on the basis of percentage of relative Common Interest.

A.	Coverage & Perils	Limits of Liability
	Real and Personal Property “All Risk” coverage (including water damage insurance and boiler/machinery)	\$1 billion, per occurrence
	Replacement Cost Basis	Yes
	Co-Insurance	None
	Flood (Occurrence/Annual Aggregate)	\$500 million
	Earthquake (Occurrence/Annual Aggregate)	\$250 million
	Deductible (except for FL & CA)	\$25,000
	Premium ^(a)	\$368,569
B.	Terrorism	\$550 million per occurrence/annual aggregate, all locations
	Deductible	\$1,000,000
	Premium ^(b)	\$258,070
C.	Employee Dishonesty/Crime (Fidelity)	\$25 million each loss
	Deductible	\$100,000
	Premium ^(c)	\$25,734
D.	Employment Practices Liability	\$2 million each event
	Deductible	\$2,500 loss/event
	Premium ^(c)	Included in Item C above.
E.	Director’s and Officers Liability	\$3 Million
	Premium ^(d)	\$13,517
F.	Commercial General Liability (including elevator collision)	\$2 million per occurrence/ (\$4 million annual aggregate)
	Premium ^(c)	\$199,669
G.	Umbrella Liability [Note: detail components - each occurrence water damage liability auto liability employee benefits fire damage]	\$25 million per occurrence/annual aggregate
	Premium ^(c)	\$44,461

Notes:

- (a) The Hotel Unit directly absorbs the entire portion of the premium relating to FF&E, fine arts and business interruption (estimated at \$88,469 and the balance of the premium relative to the real property (estimated at \$280,100) is allocated among all the Units on the basis of percentage of relative Common Interest.
- (b) The Hotel Unit directly absorbs the entire portion of the premium relating to FF&E, fine art and business interruption, and the balance of the premium relative to the real property is allocated among all the Units on the basis of percentage of relative Common Interest. The result is a direct absorption of \$61,946 of the premium by the Hotel Unit, and the balance of \$196,124 being allocated among all Units on the basis of percentage of relative Common Interest.
- (c) The Hotel Unit directly absorbs the entire portion of the premium relative to the Hotel's Gross Operating Revenue (estimated at \$269,865).
- (d) The entire premium is allocated among all of the Units on the basis of percentage of relative Common Interest.

This coverage does not include claims for personal injury or property damage resulting from occurrences in the individual Suite Units or Club Units, nor does it include coverage of the furniture or other personal property within the Suite Units or Club Units, except to the extent liability coverage relates to the operation of the Hotel and/or provision of Hotel or Condominium services to or with respect to such Units.

This expense reflects insurance premiums at current rates. Because conditions in the insurance marketplace are so volatile, it is not possible to predict what the premiums will actually be for the entire 2017 operating year. Purchasers should be aware of the possibility of significant rate increases.

8. Management Fee: \$124,993

This expense provides for Property Management Services as further explained in Section 5 of the Management Agreement. This expense has been allocated among the Hotel Unit, Suite Units, Club Units and the Retail Unit on the basis of percentage of relative Common Interest.

9. Legal and Audit Fees: \$12,858

The amount budgeted for audit fees to be incurred in connection with the preparation of the audited financial statements for the Condominium and its Federal, state and city income tax returns and other financial reports, is \$7,700. The balance of the budgeted amount \$5,158 has been estimated to provide for legal services to be rendered in connection with the operation of the Condominium and negotiation of agreements. The Audit expense has been allocated among the Hotel Unit, the Suite Units, the Club Units and the Retail Unit on the basis of percentage of relative Common Interest. The Legal expense is allocated to the Suite Units only.

10. Reserve for Contingencies: \$225,000

This amount is to be used at the discretion of the Board and is intended to cover possible increases in expenses not now foreseen and for expenses not included in the budget, and for possible increases in one or more items of operating expenses above the amounts projected. This expense has been allocated

among the Hotel Unit, the Suite Units, the Club Units and the Retail Unit on the basis of percentage of relative Common Interest.

11. Miscellaneous Administrative Expenses: \$98,971

These expenses concern miscellaneous administrative expenses, including, without limitation, dues and subscriptions; administrative supplies; water fountain supplies; phone service charges; and printing, postage and stationary. Fifty percent (50%) of the postage and dues expenses incurred by the Hotel operator for the Hotel and Condominium under this expense category are absorbed directly by the Hotel Unit based on estimates provided by the Hotel operator relative to miscellaneous matters solely benefiting the Hotel. Telecommunication costs associated with the Building's maintenance department are allocated among the Hotel Unit, the Suites Units, the Club Units and the Retail Unit based on percentage of relative Common Interest; provided, that for the purposes of such allocation only, the Retail Unit's Common Interest shall be deemed to be reduced by 80% to reflect the lesser level of services provided with respect to the Retail Unit.

Except as otherwise indicated to the contrary, expenses are allocated to the Hotel Unit, the Suite Units and the Club Units.

12. Service Contracts \$1,217,252

Service Contracts include expenses such as cable TV, fire alarm testing and inspection, glass cleaning services for chandeliers and crystal, window cleaning services, HVAC maintenance, elevator maintenance, pest control, waste removal, metal cleaning, and flowers.

Service Contracts – Additional Information

- (a) \$213,498 of Cable TV is allocated among the Hotel Unit, the Suite Units and the Club Units.
- (b) \$95,740 of maintenance contract services is absorbed directly by the Hotel Unit with respect to excess service for the Hotel's food and beverage areas. \$144,007 of maintenance contract services is allocated among all Units based on the percentage of relative Common Interest; provided, that for the purposes of such allocation only, the Retail Unit's Common Interest shall be deemed to be reduced by 80% to reflect the lesser level of service provided with respect to the Retail Unit. An additional \$343,937 in contract services is allocated among the Hotel Unit, Suite Units, and Club Units based on the percentage of relative Common Interest.
- (c) \$138,443 of flower services is absorbed by the Hotel Unit with respect to guest units and the Hotel's food and beverage areas. The remaining \$92,764 is allocated based on the percentage of relative Common Interest of the Hotel Unit, Suite Units, and Club Units.
- (d) \$423,046 of elevator maintenance expenses relative to the Building's thirteen shared-use elevators are allocated based on estimated usage as follows: 10/13ths of the total expense (reflecting shared use of ten elevators by the Hotel Unit, the Suite Units and the Club Units) is allocated among the Hotel Unit, the Suite Units and the Club Units; 2/13ths of the total expense (reflecting the Hotel Unit's exclusive use of one elevator and primary use of a second elevator) is allocated solely to the Hotel Unit; and 1/13ths of the total expense (reflecting the Hotel Unit's and Retail Unit's shared use of one elevator) is allocated equally to the Hotel Unit and the Retail Unit.

13. Reimbursement to Hotel Owner Related to the Hotel Unit's Fitness Center: \$0.

This expense reflects that the Suite Units and Club Units are allocated a share of expenses associated with the operation, maintenance, repair, upgrade and replacement of the Hotel Unit's fitness center. No replacement of equipment is provided for in the 2017 operating budget. Fitness Center expenses reflect

the following: decorations (\$0), linen (\$0), operating supplies (\$0), telecommunications (\$0), uniforms (\$0) and miscellaneous (\$0). At present there is no labor cost associated with the fitness center, as reception service is currently provided by an affiliate of the Hotel Unit Owner which is operating the spa and fitness center, and no portion of the reception salaries for the spa and fitness center is currently allocated to the fitness center.

14. (Surplus) / Deficit Assessment: \$0

This represents the 2016 projected operating deficit of the Condominium. This expense is allocated among the Hotel Unit, Suite Units, Club Units, and Retail Unit in the same proportion as the General Common Charges.

15. Total estimated expenses: \$22,573,036

In the opinion of VSE Residential Management, Inc., Sponsor's Budget expert, the projected income for the Condominium is adequate to meet the estimated expenses for the 2017 operating year. The budget, however, is not intended, and should not be taken, as a guarantee by anyone that the annual Common Charges of operation of the Condominium will be as set forth in the budget. In fact, it is likely that the actual income and expenses for the 2017 operating year will vary from the amounts shown in the budget.

EXHIBIT "D"

CLUB RESERVATION RULES

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FIFTH AND FIFTY-FIFTH RESIDENCE CLUB, NEW YORK

RESERVATION POLICIES AND PROCEDURES

Introduction

The Fifth and Fifty-Fifth Residence Club, New York, Reservation Policies and Procedures ("Reservation Policies and Procedures") govern the way in which all Club Members have access to the accommodations of the Fifth and Fifty-Fifth Residence Club, New York. These Reservation Policies and Procedures have been carefully developed in order to be equitable to all Club Members. St. Regis New York Management, Inc. ("Club Manager") administers the Fifth and Fifty-Fifth Residence Club, New York, including the Fifth and Fifty-Fifth Residence Club reservation program, pursuant to its Management Agreement with the Fifth and Fifty-Fifth Residence Club Association, Inc. ("Club Association"). The Club Manager has the right to recommend changes to these Reservation Policies and Club Procedures to the Club Association's Board of Directors from time to time as conditions warrant. The Reservation Policies and Procedures will not be changed in a way that discriminates against any category of Club Members. In the event there is a conflict between the Declaration and Plan of Club Ownership for the Fifth and Fifty-Fifth Residence Club ("Club Declaration") or the Bylaws of the Club Association ("Club Bylaws") and these Reservation Policies and Procedures, the Club Declaration or Club Bylaws will control.

Section One: Definitions

The following capitalized terms used in these Reservation Policies and Procedures are defined herein to clarify their intended meaning and usage in this document. All other capitalized terms used in this document which are defined in the Club Declaration, shall have the meanings given them in the Club Declaration.

Alternative Club Week means an unreserved and available seven-day period of time that a Club Member may reserve by releasing the reservation of their Fixed Time.

Accommodation Type means the Club Unit(s) assigned to a particular category. There are three Accommodation Types; a Two Bedroom Duplex, One Bedroom and Studio. During Floating Time usage, Club Members will be assigned a particular Club Unit that is the same as their Accommodation Type. Club Units in each Accommodation Type may vary in size and number of bathrooms, as further detailed on the Club Unit maps included as part of the Sponsor's Offering Plan.

Assigned Priority Designation or Priority Designation means the number and letter assigned to a Club Interest, as designated on the Club Member's deed. A Priority Designation will be assigned at the time a Club Interest is conveyed in a Club Unit. An Assigned Priority Designation determines the reservation selection priority for the Floating Time assigned to each Club Interest during the Priority Reservation Period. A Club Interest's reservation selection priority will rotate on a yearly basis as determined by the Club Manager and set forth on the Priority Use Schedule (attached to these Reservation Policies and Procedures as Exhibit B).

Club Association means the Fifth and Fifty-Fifth Residence Club Association, a New York non-profit corporation.

Club means the Fifth and Fifty-Fifth Residence Club, New York, the program of reservation services and other benefits for owners of Club Interests as set forth in the Club Declaration. The Club is not a multisite vacation club or an exchange company.

Club Documents means the Club Declaration, Club Bylaws, Club Articles and these Reservation Policies and Procedures, as each may be amended from time to time.

Club Interest means an interest in a Club Unit submitted to the Club Declaration which gives the Club Member the right to reserve up to twenty-eight (28) days in a Club Unit for Club Member's use every Use Year. Each

Club Interest includes the right to confirm the reservation of seven (7) consecutive days for the time period and Club Unit referenced on the Club Member's deed. This period of time is called "Fixed Time". The Club Interest also includes the right to use a maximum of fifteen (15) weekdays and six (6) weekend days (as listed on the Club Calendar) for a maximum total of twenty-one (21) days. This period of time is called "Float Time".

Club Manager means St Regis New York Management, Inc., a Florida corporation.

Club Member means the owner or owners vested with legal title to a Club Interest.

Club Calendar means the calendar established every year by the Club Agent establishing the Club Weeks and identifying weekend days and weekdays for purposes of the Float Time Reservations. Club Week number one will begin with the first week containing the first Friday in January. The Club Ten Year Interval Calendar is attached to these Reservation Policies and Procedures as Exhibit A.

Club Unit means a Club Unit in the Condominium, which is submitted to the Club Declaration and in which a Club Interest has been conveyed.

Club Week means seven consecutive days as further described in the Club Declaration. Club Weeks begin on Friday at 4:00 p.m. and end the following Friday at Noon.

Condominium means the Fifth and Fifty-Fifth Condominium, a Condominium located in the borough of Manhattan, New York City, New York.

Club Declaration means the Declaration and Plan of Club Ownership for the Fifth and Fifty-Fifth Residence Club and any amendments thereto.

Fixed Time means the Club Week designated on the Club Member's deed in the Club Unit designated on the Club Member's deed. The Sponsor will not sell more than fifty percent (50%) of a particular Club Week as Fixed Time in each Accommodation Type, subject to the exception discussed in Section Three.

Floating Time means the 15 weekdays and 6 weekend days, as established on the Club Calendar, of a Club Member's Club Interest, in the Accommodation Type that is the same as the Club Unit designated on the Club Member's deed. Floating Time is reserved during the either the Priority Reservation Period or during the Open Reservation Period. A Club Member may have up to four reservations for Floating Time confirmed at any given time during a particular Use Year.

Member in Good Standing means a Club Member who is current in the payment of all outstanding amounts owed to the Club Manager or Sponsor that relate to the Club Member's ownership of a Club Interest.

Open Reservation Period means the period of time when Club Members may request reservations of their Floating Time on a first come, first served basis. The Open Reservation Period begins on November 1 prior to the beginning of the Use Year and ends on the last day of the following Use Year. For example, the Open Reservation Period for the 2007 Use Year will begin on November 1, 2006 and continue until December 31, 2007.

Other Owner means the individual or individuals who are listed on the deed for the Club Interest who are not the Primary User.

Permitted User means an individual designated by the Primary Owner who may make reservations of Club Weeks for a particular Club Interest.

Primary Designee means the individual listed by an owner who is not a natural person (i.e. if the owner is a trust, corporation or other entity) who has exclusive rights to make decisions regarding the Club Interest, including making reservations for the Club Interest. The benefits and obligations of Club Interest ownership and assessment billing belong to Primary Designee. Every owner who is not a natural person must have a Primary Designee for the Club Interest.

Primary Owner means the individual designated as having exclusive rights to make decisions regarding the Club Interest, including making reservations for the Club Interest.

Priority Reservation Period means the period during which the Fixed Time of each Club Member is automatically reserved by the Club Manager and during which Club Members may choose to release their Fixed Time reservation and request an Alternate Club Week reservation. In addition, during the Priority Reservation Period, Club Members may reserve their Floating Time using the Priority Use Schedule. The Priority Reservation Period begins September 1 and ends on September 30 prior to the beginning of the Use Year. For example, the Priority Reservation Period for the 2007 Use Year will begin on September 1, 2006 and end on September 30 of 2006.

Priority Use Schedule means the schedule assigning the priority order in which Club Members select Floating Time during the Fixed Time and Priority Reservation Period. In order to be equitable to all Club Members, the priority order for selecting Floating Time during this time period will rotate on a yearly basis, as determined by the Club Manager and set forth on the Priority Use Schedule, attached to these Reservation Policies and Procedures as Exhibit B. The Priority Use Schedule will be used for reservations of Floating Time during the Priority Reservation Period.

Reservation Policies and Procedures means these Fifth and Fifty-Fifth Residence Club, New York, Reservation Policies and Procedures as may be amended from time to time.

Sponsor means St. Regis Residence Club, New York Inc., a Florida corporation.

Sleeping Capacity means the maximum number of persons permitted to occupy a Club Unit. The sleeping capacity of a Two Bedroom Duplex Club Unit is six (6) persons; for a One Bedroom Club Unit is four (4) persons and for a Studio Club Unit is two (2) persons.

SRN means the Starwood Residence Network an exchange program affiliated with the Club.

Unaccompanied Guest means any guest who occupies a Club Unit without a Club Member during a Member's confirmed Club Week at the request of such Member and with notice to the Club Manager as provided in Reservation Policies and Procedures.

Use Year means the period of time beginning on the first Friday of each January and ending the Thursday before the first Friday of the following January. For example, the 2007 Use Year begins on January 5, 2007 and ends on January 3, 2008.

Section Two: Use of the Reservation System and Unaccompanied Guests

Subject to Law and the provisions of the Club Documents, only Club Members in Good Standing may use the reservation system and use the accommodations at the Fifth and Fifty-Fifth Residence Club, New York.

Each Club Interest shall have a Primary Owner as initially designated in the Purchase Agreement or if no Primary Owner is designated in the Purchase Agreement, the Primary Owner shall be the first person listed on the deed for the Club Interest(s). The Primary Owner shall have exclusive rights to use the reservation system and to make all other related decisions for the Club Interest. Only the Primary Owner may substitute a new Primary Owner, and such a change must be made in writing to the Club Manager Agent at least ten (10) days prior to the effect of the change.

Each owner listed on the deed ("Other Owners") for a Club Interest(s) may also make reservations for the Club Interest. However, in the case of a conflict between the reservation requests of any Other Owners and the Primary Owner, the Primary Club Owner's requests will be honored.

The Primary Owner may notify the Manager in writing of one individual ("Permitted User") who shall be allowed to make reservations for the Club Interest of behalf of the Primary Owner or Other Owners. Only the Primary Owner may make changes to the designated Permitted User; and such a change must be made in writing to the Club Manager.

The Primary Owner or Other Owners may make a reservation for or permit an Unaccompanied Guest to occupy their Club Unit during their reserved Club Week subject to the following restrictions: (i) the maximum allowable occupancy limits for the occupied Club Unit may not be exceeded; (ii) Unaccompanied Guests must observe the check-in and check-out procedures; and (iii) Unaccompanied Guests under twenty-one (21) years of age must be accompanied by a legal guardian twenty-one (21) years of age or older. When making a reservation for an Unaccompanied Guest who will occupy the Club Unit without a Club Member, the Club Member making the reservation must notify the Club Manager that the guest will be unaccompanied. The Club Member will be asked to specify the Unaccompanied Guest's name, address and telephone number in writing at least fourteen (14) days prior to arrival. The Unaccompanied Guest will be required to pay all charges incurred (if any) upon check out, unless, payment has been arranged in advance by the Club Member. The Club Member who made the reservation on behalf of the Unaccompanied Guest is responsible for any unpaid charges incurred by their Unaccompanied Guest, and is responsible for any damages to Club Unit, furnishings, or Condominium property caused by the Unaccompanied Guest.

No additional fees will be charged for guests of the Club Member during their reserved Club Week(s).

Section Three: Making a Reservation

These Reservation Policies and Procedures are designed to provide Club Members with both flexibility and certainty. As a result it is very important that each Club Member reads these Reservation Policies and Procedures and timely communicates their desired time to stay in a Club Unit to the Club Manager. Four (4) Club Weeks or up to twenty-eight (28) days of time each Use Year may be reserved for each Club Interest, as further specified in these Reservation Policies and Procedures.

Fixed Time Reservations

At the beginning of the Priority Reservation Period, the Club Manager will automatically reserve the Fixed Time assigned to each Club Interest. Each Club Member's Fixed Time is the time period shown on their deed in the Club Unit referenced on their deed. If a Club Member chooses not to occupy their Club Unit for the entire Fixed Time, they may not carry over any of the unused days from Fixed Time into Floating Time. The Primary Owner of each Fixed Club Interest will be mailed a confirmation of their automatic reservation of the Fixed Time by the Club Manager.

Each Club Member may notify the Club Manager if they wish to release their Fixed Time reservation in exchange for an Alternative Club Week reservation. The Club Member requesting an Alternative Club Week Reservation instead of the Club Member's Fixed Time Reservation, should indicate the Club Weeks the Club Member desires to occupy on the Alternative Club Week request form and return the form to the Club Manager prior to the end of the Priority Reservation Period. A Club Member must request a full Club Week on their Alternative Club Week request as this reservation will take the place of their Fixed Time reservation. In addition, the Club Member who owns a Club Interest in a Two Bedroom Duplex must request an Alternative Club Week in a Two Bedroom Duplex. Any days that the Club Member chooses not to occupy a Club Unit during the Alternative Club Week may not be carried over into Floating Time. Alternative Club Week requests will be confirmed using the Priority Rotation Schedule basis and the Club Manager will only release the Club Member's Fixed Time reservation upon the successful confirmation of the Club Member's Alternative Club Week request. The Club Manager's ability to honor Alternative Club Week requests is subject to availability.

The Sponsor will not sell more than fifty percent (50%) of a particular Club Week as Fixed Time in each Accommodation Type. If there is an uneven number of Club Units in a particular Accommodation Type, the Sponsor will calculate the fifty percent (50%) of Club Weeks eligible to be sold as Fixed Time by rounding up to the next even number. For example, if there are five Club Units in a particular Accommodation Type, the Sponsor may, for each numbered Club Week noted on the Club Calendar, sell up to three Club Weeks as

Fixed Time in that Accommodation Type. Therefore, Club Members will have the ability to reserve all Club Weeks when making Floating Time Reservations, based on availability, as further discussed below.

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Floating Time Reservations

Floating Time may be reserved during two reservation periods. The first reservation period for Floating Time is the Priority Reservation Period that begins September 1 and ends September 30 prior to the beginning of the Use Year. The second reservation period for Floating Time is the Open Reservation Period that begins November 1 and ends the last day of the following Use Year.

Priority Reservation Period. At the beginning of the Priority Reservation Period, each Primary Owner will be asked to select the Floating Time they desire to reserve for the applicable Use Year. The reservation request for Floating Time must follow these rules:

- 1) No more than four (4) reservations for Floating Time may be confirmed at any time for each Use Year. However, at the Club Manager's sole discretion, exceptions may be made for special or event request reservations if such reservations will not occur during highly demanded periods. If a Club Member relinquishes their Fixed Time and secures a Floating Time reservation, such reservation shall count as part of the Club Member's maximum of four Floating Time reservations.
- 2) No Floating Time reservation made during the Priority Reservation Period may be for less than one (1) day or more than ten (10) days;
- 3) Floating Time consists of a maximum twenty-one (21) days, which comprises a maximum of fifteen (15) weekdays and a maximum of six (6) weekend days, in each Use Year as determined by the Club Calendar.

Each Club Member's request for Floating Time will be processed using the Member's Assigned Priority Designation according to the Priority Use Schedule. The Priority Use Schedule shows the selection priority for each Use Year using an Assigned Priority Designation. A Priority Designation will be assigned at the time a Club Interest is conveyed. An Assigned Priority Designation determines the reservation selection priority for each Club Member for Floating Time during the Priority Reservation Period each Use Year. Reservations will be filled in priority order by priority letter and number. In order to be equitable to all Club Members, the priority order for selecting Floating Time will rotate on a yearly basis, as determined by the Club Manager and set forth on the Priority Use Schedule, attached to these Reservation Policies and Procedures as Exhibit B.

Club Member's request for Floating Time during the Priority Reservation Period will be confirmed based on the Club Unit type listed on their deed. Club Members should not expect to be confirmed into the specific Club Unit listed on their warranty deed for Floating Time reservations.

Club Members who do not submit Floating Time reservation requests during the Priority Reservation Period will not have any Floating Time reserved and must use the Open Reservation Period to secure a Floating Time reservation.

Club Members who fail to reserve Floating Time during the Priority Reservation Period risk losing their ability to reserve all of their available Floating Time.

Open Reservation Period

Each November 1, the Club Manager will publish a listing of available Floating Time for the applicable Use Year. Club Members may secure reservations of their unused Floating Time beginning November 1 through the end of the applicable Use Year by calling the Club Manager and reserving available time on a first come, first served basis. The reservation requests for Floating Time during the Open Reservation Period must follow these rules:

- 1) No more than four reservations for Floating Time may be confirmed at any time during each Use Year;
- 2) No Floating Time reservation may be for less than one (1) day or more than ten (10) days;

3) Floating Time consists of a maximum of twenty-one (21) days, which comprises a maximum of fifteen (15) weekdays and a maximum of six (6) weekend days, in each Use Year as determined by the Club Calendar.

A Club Member may not reserve more than a maximum of twenty-one (21) days comprising a maximum of fifteen (15) weekdays and six (6) weekend days in both the Priority Reservation Period and the Open Reservation for each Use Year. Members who own a Club Interest in a Duplex residence may reserve up to thirty (30) weekdays and twelve (12) weekend days when separately reserving the Studio and One Bedroom residences that make up their Duplex residence.

Section Four: Reservation Periods

The following reservation periods will be followed for the Club and may be amended by the Club Association from time to time. Club Members will be notified of any change to these reservation periods within a reasonable time of such changes being adopted by the Club Association.

Priority Reservation Period September 1- September 30	Reservation Confirmations mailed to Primary Owners of Fixed Time; Alternative Club Week reservation requests mailed to Club Members; Floating Time reservations made using the Priority Use Schedule, as further described in these use rules. SPG Conversion forms mailed to the Primary Owners for each Club Interest. Club Members may submit requests to rent their Fixed Time and up to seven days of their Floating Time to the Club Manager.
September 30	SPG Conversion request forms due to Club Manager. Alternative Club Week reservations requests due to the Club Manager.
October 1-31	Schedule of available Floating Time notices mailed to Club Members.
Open Reservation Period November 1 – Subsequent Use Year End.	Reservations accepted for available Floating Time on a first come, first served basis, as further described in these rules.

Section Five: Cancellations

A Club Member may cancel a confirmed reservation for the use of a Club Unit no later than seven (7) days prior to the Club Member's arrival date. Club Members who cancel their reservation thirty (30) days or less before the arrival date are limited to making an alternative reservation using available Floating Time within thirty (30) days of the arrival date.

The Club Manager will make a reasonable effort to make the time associated with the confirmed reservation available to other Club Members and to provide the canceling Club Member with an alternate reservation, in accordance with the priorities and restrictions associated with the Club Member's Club Interest, the Priority Use Schedule and available unreserved time. Club Members who do not accept an alternative reservation for

any cancelled Floating Time or Fixed Time by the end of the applicable Use Year will lose this time. Cancelled Floating Time or Fixed Time from one Use Year may not be carried over into the next Use Year. The earlier Club Manager is notified of a cancellation, the more likely the Club Member will receive an acceptable alternate reservation. The Club Manager will make every effort to provide a Club Member who wishes to cancel a confirmed reservation with an acceptable alternative reservation, however, this cannot be guaranteed.

Section Six: Club Association Owned Club Weeks and Maintenance Weeks

The Club Association will own one (1) or more Club Week(s) in each Club Unit. At least one (1) Club Week owned by the Club Association will be used for maintenance of each Club Unit each calendar year. The maintenance week for each Club Unit will be selected after all Club Members reservations for Floating Time during the Priority Reservation Period have been confirmed. The specific Club Week that will be used for maintenance may vary each use year and may vary by Club Unit. Any additional Club Weeks owned by the Club Association will be made available for the reservation of Club Members. If any of the Club Association owned Club Weeks are not reserved by Club Members, the Club Association reserves the right to rent such unreserved Association Weeks to members of the general public at any time.

Section Seven: Club Week 53

Sponsor has reserved the right to use or rent for its own purpose, Club Week 53 when that time period occurs in all Club Units. Sponsor reserves the right to assign or convey its use rights in Club Week 53 to the Club Association or any other entity.

Section Eight: Day Use

In order to maintain each Club Member's privacy, exclusivity and enjoyment of the available facilities and amenities, day use of the available facilities and amenities is not permitted. Use of, or access to, the available facilities and amenities is limited to Club Members, their accompanied and unaccompanied guests, who are occupying a Club Unit.

Section Nine: Two Bedroom Duplex Use

Club Members who own a Two Bedroom Duplex have the ability to use the time associated with their Club Interest using the full Club Unit or may "split" the use of their Club Unit. A Club Member must use their full Club Unit when using their Fixed Time or when requesting an Alternative Week. However, a Club Member may split the use of their Club Unit for their Floating Time. For example, they may use twenty-one (21) days in the smaller portion of their Club Unit and use an additional twenty-one (21) days in the larger portion of their Club Unit. Such use must follow the restrictions set forth in these Reservation Policies and Procedures. The Club Member may also split the use of their Club Unit by converting one side for SPG Conversion or rental and

reserving Floating Time in the other portion of their Club Unit. Each Two Bedroom Duplex is made up of a One Bedroom Unit and a Studio Unit.

Section Ten: Alternate Use of Club Weeks

A. Rental Program:

Club Members may rent their Club Week(s) using the rental program operated by the Club Manager, using a third party unrelated to the Club Manager or may rent their Club Week(s) themselves. Only Fixed Time or Floating Time reserved as a full Club Week may be rented. A Club Member may rent up to fourteen (14) days of time associated with their Club Interest each Use Year using the rental agent affiliated with the Club Manager. If a Club Member has converted any time associated with a Club Interest to Starpoints as described in Section Nine, such time will be deducted from the total number of days the Club Member may submit to the rental program maintained by the Club Manager.

In order to rent a Club Week(s) using the Club Manager, Club Members must complete a rental agreement with the Club Manager. In order to rent a Club Week(s) using a third party, Club Members must contact the Club Manager and notify them of which Club Week(s) will be rented, the name of the guest or guests who will be occupying the Club Unit, along with any other information that the Club Manager deems necessary. The Club Manager must be notified of any rental of a Club Week(s) using a third party rental agent at least one (1) week prior to occupancy. The Club Manager will have the right to request information on any persons renting a Club Week through a third party rental agent. The Club Member or third party rental agent will be solely responsible for providing all information requested by the Club Manager in order to secure approval of the rental guest. The Club Manager may refuse to confirm a rental reservation for any rental guest for whom the Club Manager is not provided the required background and financial information or who fails to meet the financial and background criteria necessary to secure a rental reservation, as such criteria are determined by the Club Association from time to time.

The ability of a Club Member to rent Club Weeks will be extremely limited. Club Members will be competing with Sponsor for the rental of Club Weeks. Club Members SHOULD NOT purchase a Club Interest with any expectation of rental for Club Weeks reserved as part of the Club Interest.

B. SPG Conversion Program

The Starwood Preferred Guest Program ("SPG") is a guest recognition program, which provides certain vacation and travel benefits through the award and redemption of Starpoints. Starwood Hotels & Resorts Worldwide, Inc. ("Starwood") operates the SPG Program. The Starpoints Conversion Program permits Club Members to convert up to fourteen (14) days of either Fixed Time or Float Time to Starpoints, subject to the terms and conditions listed in the Starpoints Disclosure Statement. The converted Starpoints will be deposited into the Club Member's SPG account and may be used according to the rules of the SPG Program. Sponsor reserves the right to limit participation in the Starpoints Conversion Program to only those Club Members who purchase their Club Interest from Sponsor or an authorized agent of the Sponsor. A Club Member may not convert more than fourteen (14) days of use associated with each Club Interest to Starpoints in each Use Year.

C. Exchange Program

The Club Association has endorsed through an affiliation agreement, the Starwood Residence Network or SRN as the Club's exchange program. The Club shall not recognize or honor any exchanges from any entity, other than SRN. SRN will permit Club Members to exchange or "interchange" Club Weeks associated with their Club

Interest with Club Members at other Starwood Residence Club locations, provided such location is also affiliated with SRN. Club Members should review the SRN Disclosure Guide for a current listing of affiliated Starwood Residence Club locations. SRN Interchanges will be made strictly on a voluntary, first come, first served basis for available Club Weeks that are placed for Interchange by other Club Members. An affiliation fee will be assessed against the Club Association for the SRN Affiliation; however, each member's participation in SRN is voluntary. Each Club Member should carefully review the SRN Disclosure Guide and Rules and Regulations for complete details of the SRN exchange program, including each Club Member's allocated portion of the current SRN fees.

Each Club Interest may submit up to a maximum of fourteen (14) days of time associated with the Club Interest to any combination of the Alternate Club Week uses described in this section in any given Use Year.

Section Eleven: Amendments

The Club Manager has the right to recommend changes to these Reservation Policies and Procedures, including all exhibits, to the Club Board from time to time as conditions warrant. The Club Board shall have the right to make amendments to these Reservation Policies and Procedures, in its sole discretion, from time to time. The Club Board will exercise reasonable judgment to further the reasonable interests of Club Members as a whole with respect to their opportunity to use the Club Units and available amenities and facilities. The Reservation Policies and Procedures will not be amended so as to deny Club Members in Good Standing the opportunity to reserve the Club Weeks associated with their Club Interests. Furthermore, these Reservation Policies and Procedures will not be changed in a way that discriminates against any category of Club Members. Notice of any amendments to these Reservation Policies and Procedures will be provided to the Primary Owner via U.S. mail, e-mail or website posting.

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